

A World Institute for a Sustainable Humanity
 Advocates for the West
 Alaska Housing Finance Corporation
 Alliance to Save Energy
 Alternative Energy Resources Organization
 American Rivers
 Audubon Washington
 Bonneville Environmental Foundation
 Central Area Motivation Program
 Citizens' Utility Alliance
 Citizens' Utility Board of Oregon
 City of Ashland
 Clackamas County Weatherization
 Climate Solutions
 Climate Trust
 Cold Spring Conservancy
 Community Action Directors of Oregon
 Community Action Partnership Assoc. of Idaho
 Davenport Resources, LLC
 David Suzuki Foundation
 Earth and Spirit Council
 Emerald People's Utility District
 Energy Trust of Oregon
 Eugene Water and Electric Board
 Friends of the Earth
 Global Warming Action
 Golden Eagle Audubon Society
 Housing and Comm. Services Agency of Lane Co.
 Housing Authority Of Skagit County
 Human Resources Council, District XI
 Idaho Community Action Network
 Idaho Conservation League
 Idaho Consumer Affairs
 Idaho Rivers United
 Idaho Rural Council
 Idaho Wildlife Federation
 Interfaith Network of Earth Concerns
 Kootenai Environmental Alliance
 Kootenay-Okanagan Electric Consumers Association
 League of Utilities and Social Service Agencies
 League of Women Voters - ID
 League of Women Voters - OR
 League Of Women Voters - WA
 Metrocenter YMCA
 Missoula Urban Demonstration Project
 Montana Environmental Information Center
 Montana People's Action
 Montana Public Interest Research Group
 Montana River Action
 Montana Trout Unlimited
 The Mountaineers
 Multnomah County Weatherization
 National Center for Appropriate Technology
 Natural Resources Defense Council
 Northwest Energy Efficiency Council
 Northwest Resource Information Center
 Northwest Solar Center
 NW Sustainable Energy for Economic Development
 NW Natural
 Olympic Community Action Programs
 Opportunities Industrialization Center of WA
 Opportunity Council
 Oregon Action
 Oregon Energy Coordinators Association
 Oregon Energy Partnership
 Oregon Environmental Council
 Oregon HEAT
 Oregon State Public Interest Research Group
 Pacific Energy Innovation Association
 Pacific Northwest Regional Council of Carpenters
 Pacific Rivers Council
 Portland Energy Conservation, Inc.
 Portland General Electric
 PPM Energy
 Puget Sound Alliance for Retired Americans
 Puget Sound Energy
 Renewable Northwest Project
 Rocky Mountain Institute
 Salmon For All
 Save Our Wild Salmon Coalition
 Seattle Audubon Society
 Seattle City Light
 Sierra Club
 Sierra Club of British Columbia
 Snohomish County PUD
 Solar Energy Association of Oregon
 Solar Information Center
 Solar Washington
 South Central Community Action Partnership, Inc
 Southeast Idaho Community Action Agency
 Southern Alliance for Clean Energy
 Spokane Neighborhood Action Programs
 Tahoma Audubon Society
 Trout Unlimited
 Union Of Concerned Scientists
 United Steelworkers of America, District 11
 Washington Citizen Action
 WA CTED - Housing Division
 Washington Environmental Council
 Washington Public Interest Research Group
 WA State Assoc. of Community Action Agencies
 Washington State University - Energy Program
 Washington Wilderness Coalition
 Working for Equality and Economic Liberation
 Zilkha Renewable Energy



Additional Comments on BPA's Proposed Conservation Program

Steve Weiss - January 20, 2005

The NW Energy Coalition (NWECC) supports the great majority of the Conservation Workgroup's proposals regarding program design. We commend BPA staff and the Workgroup for their effort and productive work. However, a number of important issues are still unresolved -- and their resolution is necessary for BPA to meet its conservation goals.

- Bonneville is already behind.** The Council's targets start now; BPA's increased budgets won't kick in until October, 2006. The difference is about 30 aMWs. Bonneville's target of 56 aMWs per year must be adjusted upward to make up the shortfall over a reasonable number of years.
- BPA's target doesn't cover all the load of its partial requirements customers.** The entire load *growth* of partial requirements customers is a BPA obligation even if their entire *loads* are not. We note that the Council's Plan agrees with this interpretation. To comply with the Plan, BPA's target should be adjusted to reflect its proper share of the region's conservation goal.
- Bonneville's proposed budget is too small to do the job.** NWECC believes the small size of the proposed budget threatens the ability of BPA to meet its target goal. In addition to signing on to the letter from state agencies and utilities, we make these additional points:
 - Bonneville's concern with rate increases is incorrect on two accounts. First, BPA should focus on end-users *bills*, not their rates. Conservation can possibly have a rate impact, due to lost revenues to a utility, but consumers' bills still decrease overall. Second, increased conservation, in Bonneville's case, is unlikely to increase rates at all. The cost of conservation (levelized) to BPA is around 2 cents/kwh, and the lost revenue at the PF rate is around 2.5 cents/kwh. Together, these costs are less than the market value of the power being conserved. Bonneville and its customers should see little rate effect from increased conservation acquisition.
 - The Workgroup's program design includes a real incentive for utilities to get the savings at the least cost. Therefore if they can do the job for less,

they will. There is no additional cost-saving benefit to an overly tight budget.

4. The decrement issue is important, critically interlinked to the budget discussion, but unresolved.

If utilities are decremented for their conservation efforts, their avoided cost is the PF. If not, their avoided cost is market. This makes a huge difference in their incentive and cost calculations. If utilities are not decremented, for example, BPA's budget can be smaller since utilities will capture the value of the conservation. This issue needs to be solved *before* budgets are set. It is unclear to us where and when this issue is being dealt with.

Secondly, the decrement issue needs to be discussed consistently with the budget issue. If BPA is going to decrement, then it should consider as a credit in its rate-making process the additional secondary revenues (or avoided purchases) created by the conservation. This credit should also be used in its budget debate over the conservation budget. Without including these revenues, the budget impacts of conservation are over-stated. If, on the other hand, BPA does not wish to consider the additional revenues in its budget and rate discussions, then it should not be insistent on decrementing its utilities for their conservation achievements. It is incumbent upon Bonneville to at least be consistent in its consideration of these issues. So far it has not done so.

NWEC thanks you for this opportunity to comment. We appreciate the efforts of everyone in this process and will continue to be actively engaged.